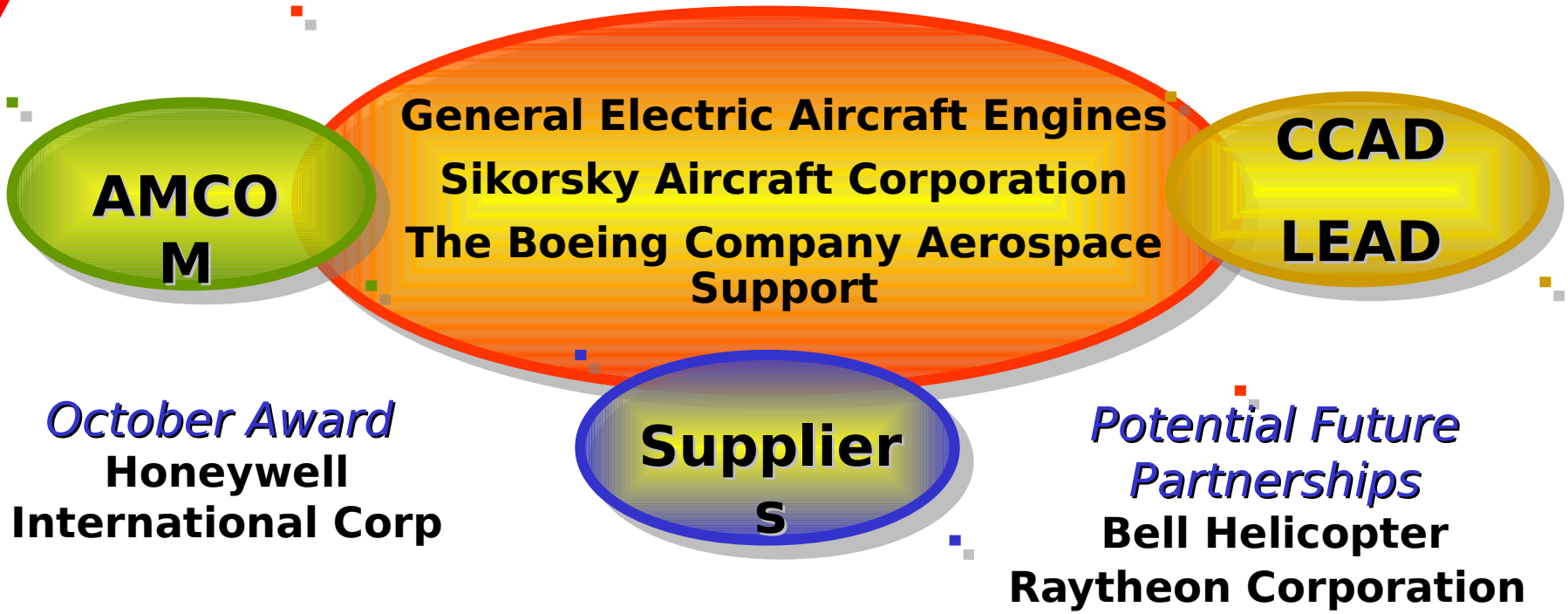
Partnering For Success

4 October 2004

Outline

- Current and Potential Partnership Contracts
- Parameters for Partnership Contracts
- Benefits
- Challenges

Depot Partnerships
A Team Effort

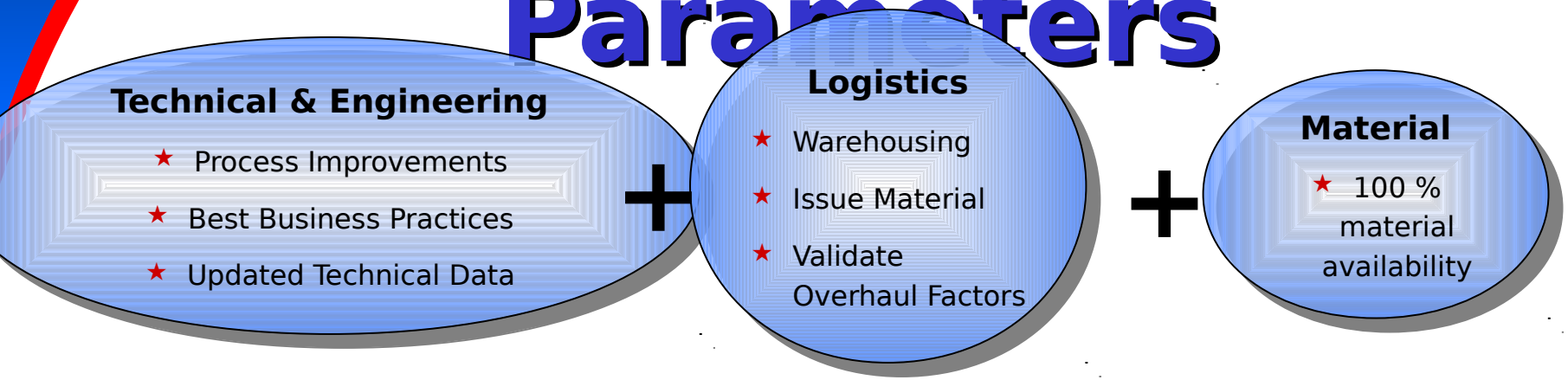


October Award
Honeywell International Corp

Potential Future Partnerships
Bell Helicopter
Raytheon Corporation

- ★ Performance-Based with incentives for reduced repair turn around time
- ★ Metrics for reliability improvements, process flow improvements and material fill rates
- ★ Performance period of 5 years
- ★ Current inventories warehoused at CCAD

Contract Parameters



equal s

Reduced Repair Turn Around Time & Improved Reliability

Industry Partners <u>*Provide*</u>

- ★ The Right Material
- ★ Product-Centered Technical & Engineering Assistance
- ★ Private-Sector Experience Base

<u>*Depot Provides*</u>

- ★ Depot Artisans, Facilities & Equipment
- ★ Outstanding Skills and Abilities of the Hands-on Overhaul Process

Public–Private Partnerships fully Utilize the Core Competencies of the depots and industry

T700 Engine Process Improvements & Results

Optimized Supply

- *Parts kits positioned along production line*
- *Backordered parts required for overhauls reduced from 41 in FY 01 to zero today*

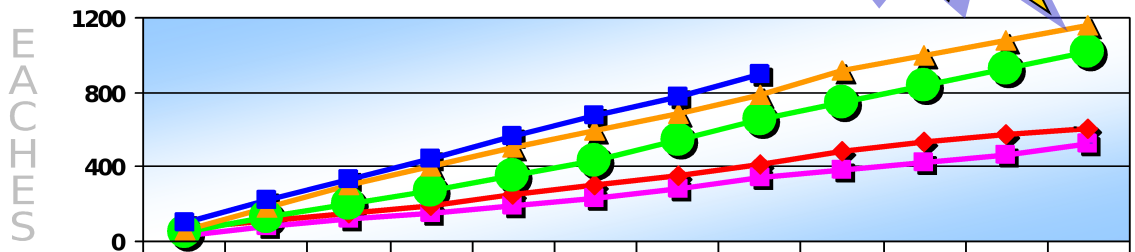
Optimized Performance

- *65% Improvement in Fuel Flow Margin*
- *43% Improvement in Shaft Horsepower Margin*
- *Average engine time on aircraft has gone from 483 hours to 1,120 Hours. Lead the Fleet RECAP engines are approaching 1800*

Optimized Process

- *Test times reduced 66%*
- *Repair times reduced 71%*
- *Capacity increased by 80% in less than 24 months*

Dependant on return of unserviceable engines



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000 Cum	34	82	126	152	188	227	282	341	381	427	464	520
2001 Cum	72	106	155	196	255	301	354	412	481	534	573	610
2002 Cum	53	127	197	274	356	437	544	660	743	842	927	1014
2003 Cum	63	180	303	401	505	596	690	782	916	997	1075	1155
2004 Cum	104	221	328	442	562	677	775	897				

Operational & Readiness Contributions

- *Apaches inducted prior to deployment*
  - *101st - 11 aircraft*
  - *1st 229th – 21 aircraft*
  - *1st 130th – 18 aircraft*
  - *In process: 2/6 CAV – 15 aircraft*
- *163 serviceable engines currently available for issue*

CCAD / GE Partnering Agreement

T-700 Series Engines

Lead Time reduction initiatives are working!

Improved responsiveness to warfighter

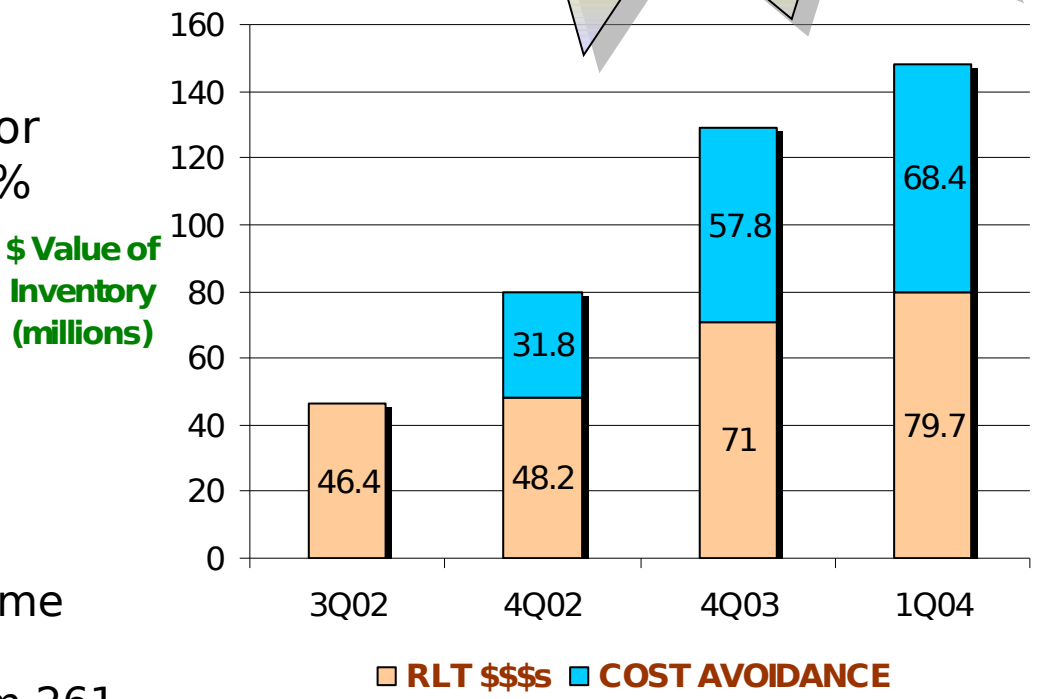
TODAY We have realized cost avoidance of 68.4M

Even Though:

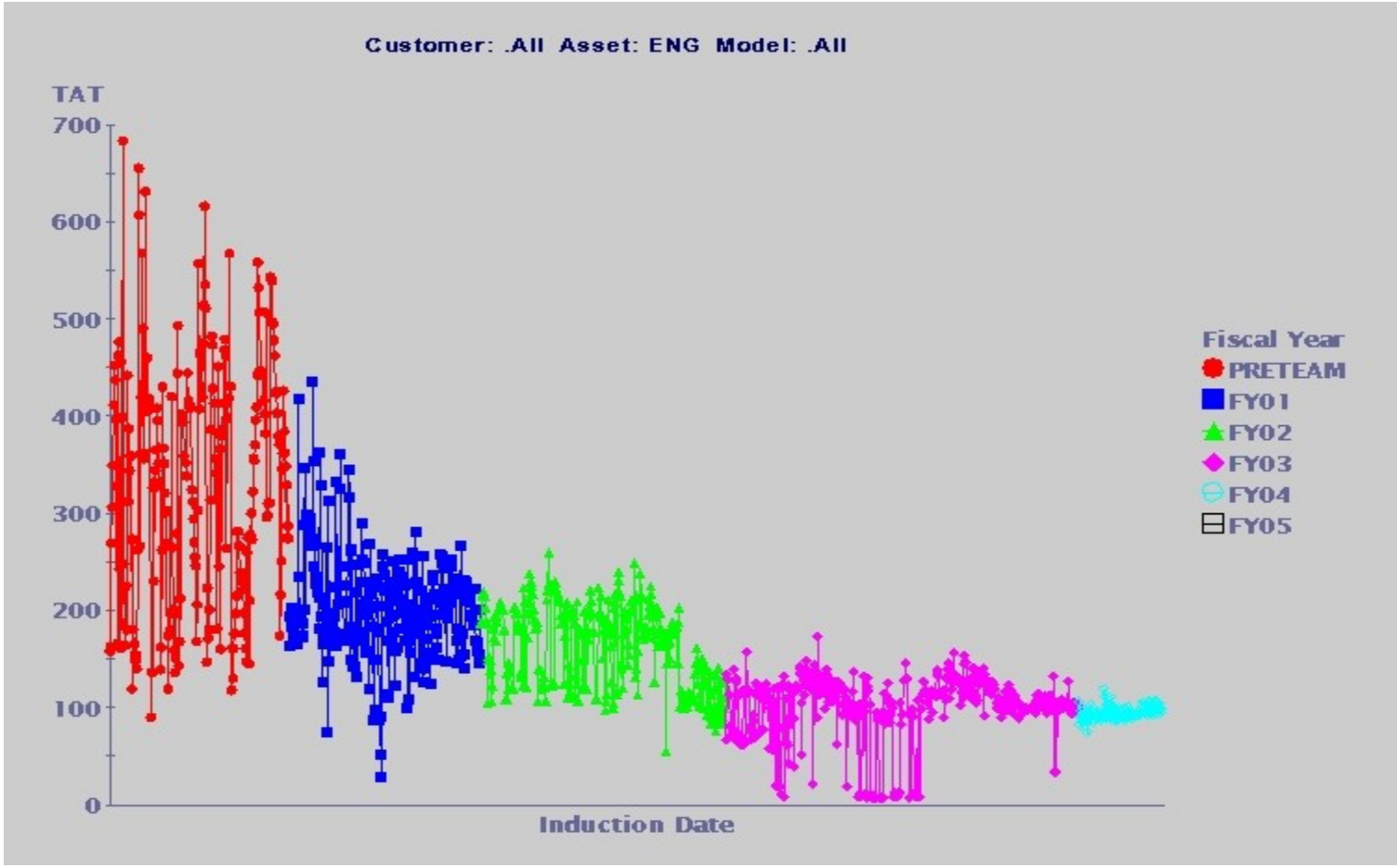
- ★ Average Monthly Demands for engines have increased 237% since Jun 02

Partnering Has Enabled:

- ★ Achievement of Repair Lead-Time (RLT) Goal
  - Currently 78 Days down from 261 Days (71% Reduction)

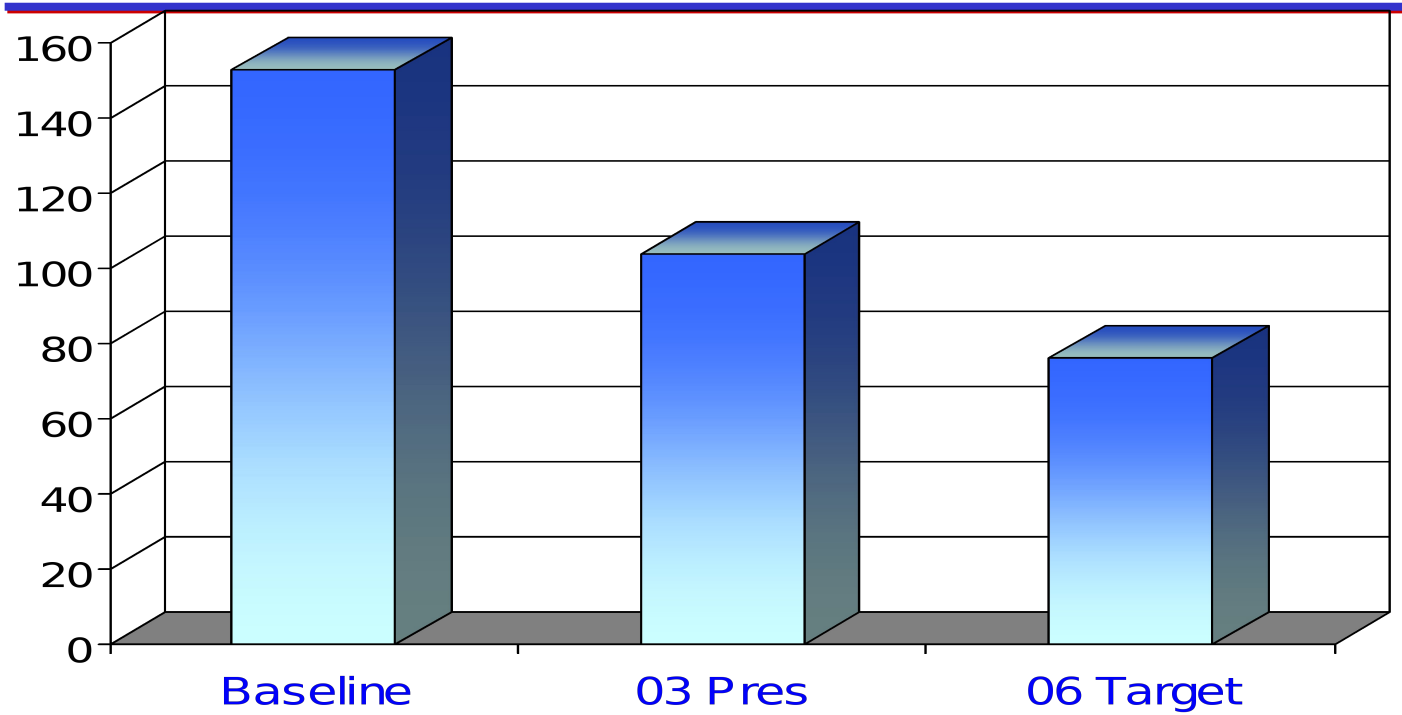


CCAD T700 Engine TAT Run Chart



Reduction in Mean & Variation Continue In 2004!

CCAD H60 COMPONENT IMPROVEMENTS



- ★ Productivity Improvements achieved on 56 programs at CCAD for FY04
  - 5 are new programs (no FY03 program to compare)
  - 14 programs completed more than one quarter earlier than in FY03 at either same quantity or more.
  - 33 programs have 20% or more production increase compared to FY03
  - 8 programs improved both schedule and quantity compared to FY03
- ★ Includes critical items such as Main Rotor Blades, Tail Rotor Blades and Spindles

Challenges

- ★ Development of Business Case Analysis
  - Data Availability
  - Time
- ★ Proposal Development and Evaluation
  - Significant Pricing Effort due to Magnitude of Requirements and Discrete Unit Prices
- ★ Implementation
  - Change in Culture for Both Partners
  - Current Automated Systems for financial and inventory management
  - Metric Management

BOTTOM LINE – THE RIGHT PRODUCT AT THE RIGHT TIME TO THE WARFIGHTER!